



USAC

## 498/499 Spotlight: Third Quarter 2024

July 3, 2024

### Topics included in this newsletter:

- [August FCC Form 499-Q is due by August 1, 2024](#)
- [Audit Topic: State and Federal Universal Service Fund Surcharges as Revenue](#)
- [USAC Relationship with Program Consultants](#)
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### Report Projected Revenues on FCC Form 499-Q by May 1, 2024

Each quarter, all telecommunications carriers and interconnected VoIP providers that are not *de minimis* are required to contribute directly to the Universal Service Fund and **must file** the [FCC-Form-499-Q](#) (Telecommunications Reporting Worksheet) with USAC.

The FCC Form 499-Q is used to collect filer revenue information and to determine the filer's universal service contribution obligation for the upcoming quarter. Contributors are reminded that their projected quarterly revenues reported on the FCC Form 499-Q determine their monthly invoices from USAC.

[EC1]The formatting is not consistent with the link which show dashes between the words

For calendar year 2024 the [de minimis threshold](#) is **\$41,841** for annual end user interstate and international telecommunication revenue. This threshold amount will remain constant for all of 2024.

Revenue data is reported on the August FCC Form 499-Q as follows:

- Actual billed revenue from April 1 – June 30, 2024 on lines 115-118.
- Projected end-user revenue for October 1 – December 31, 2024 on lines 119 and 120.
  - Line 119 is used to estimate the company's gross billed end-user interstate and international telecommunications revenues for the upcoming quarter.
  - Line 120 is used to report how much of the revenue reported on Line 119 the company expects to collect.
  - Remember! This revenue represents only end-user telecommunications revenues. Do not estimate any wholesale/carrier's carrier revenues nor non-telecommunications revenues on these line numbers.

Be sure your email system allows messages from 'Form499@usac.org'. Once you've submitted your FCC Form 499-Q, USAC will check it for substantial increases or decreases and notify you via email of the variation, giving you a chance to correct the form before the revision deadline of September 16, 2024.

# Audit Finding: Failure to Report Itemized State and Federal Universal Service Fund Surcharges as Revenue

## Description of Finding

Filers often fail to report itemized state and federal Universal Service Fund (USF) surcharges as revenue on Line 403 of FCC Form 499-A because they believe that by including it in the contribution base as revenues they are contributing on those revenues again. This is, however, incorrect. The circularity factor subtracts out the amount of USF that would be paid on the USF collected. In determining what a filer contributes to the USF each quarter, both a contribution factor and a circularity factor are applied as percentages to the filer's revenue. The contribution factor is the percentage of end-user revenue that will be contributed to the USF. The circularity factor adjusts the quarterly contribution base by approximating the filer's contribution for that quarter and subtracting it from the total, thus decreasing a filer's contribution base. This prevents the assessment of universal service fees on the pass-through universal service fund charges that filers bill to their customers and are reported as revenue on the FCC Form 499.

## How to Address or Prevent this Finding

Be sure to report itemized state and federal USF surcharges as revenue on Line 403. Many states (e.g., Texas, California, and New York) have state universal service programs of their own. You should report state universal service revenues on Line 403 in Column (a) only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills. These line items might not explicitly state "universal service" on the bill, but if the underlying intent of the program is the same as the federal USF, you should add those amounts to the total in Box 403a.

You can find a list of the most current contribution and circularity factors on the Contribution Factors [webpage](#).

## USAC Relationship with Program Consultants

Some Universal Service Fund program applicants choose to employ consultants during the program application process. Please be advised that USAC does not affiliate or endorse individual consultants to support Universal Service Fund program applicants. Consultants who work with USF program applicants may not state or imply that their services are endorsed or recommended by USAC. If you have questions about USAC programs and the resources available to support applicants, please visit the program homepages.

## E-File Tip: True-Up Statements

The 2024 FCC Form 499-A True-Up statements will be available in E-File on July 17, 2024.

To view a copy of your true-up statement, log in to E-File, select '**Payments**', and in the '**Select Payment View**' box, select '**True-Up Statements**'. The two most recent statements will appear. If a true-up statement does not appear, please send a message through the '**Message**' portal to inquire about receiving a copy of the statement.

## Training Announcements

The FCC Form 499 team hosts training webinars each quarter. Registration is required and can be found on our [Webinars](#) webpage. All webinars below are at 2 p.m. ET.

- July 16, 2024 - New 499 Filer ID Basics
- July 17, 2024 - Office Hours: Annual True-Up Process
- August 13, 2024 - New 499 Filer ID Basics
- August 14, 2024 - Office Hours: How to Fill Out an FCC Form 499-Q
- September 10, 2024 - New 499 Filer ID Basics
- September 11, 2024 - Office Hours: E-File Messaging

## Third Quarter 2024 Contribution Factor Increases to 34.4 Percent

The FCC released a Public Notice: [DA 24-557](#) announcing that the universal service contribution factor for the third quarter of 2024 (July – September) will be .344 or 34.4 percent.

## Need Help? Contact Us!

Call us at (888) 641-8722 or email [customersupport@usac.org](mailto:customersupport@usac.org).

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